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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/07

SPONSOR Trujillo LAST UPDATED \_\_\_\_\_ HB 473

SHORT TITLE Local Government Gaming Impact Fund SB \_\_\_\_\_

ANALYST Schardin

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(5,179.8)	(5,433.6)	Recurring	General Fund
	5,179.8	5,433.6	Recurring	Local Government Gaming Impact Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB 629  
Relates to HB 661 and SB 647

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)  
Taxation and Revenue Department (TRD)  
Gaming Control Board (GCB)

### SUMMARY

#### Synopsis of Bill

House Bill 473 creates the local government gaming impact fund, a non-reverting fund that will receive its own interest earnings. Starting on July 1, 2007 and on every July 1 thereafter, an amount equal to 10 percent of all tribal revenue sharing payments paid into the general fund during the previous fiscal year will be transferred to this new fund.

Money in the new fund will be appropriated to the local government division of the department of finance and administration for distribution to each county or municipality in which an Indian gaming facility is located. Distributions to local governments will be made in proportion to the

amount of revenue paid by the associated Indian casino. The local government division will be required to make a distribution to each eligible municipality and county by July 31 of each year.

If an Indian casino is located in the “planning and platting jurisdiction” of a municipality, that municipality will receive the distribution. Otherwise, the distribution will be received by the county. Currently, the City of Española, in which San Juan Pueblo’s Big Rock Casino is located, is the only municipality that will qualify for a distribution created by this bill. All other distributions will be made to counties.

Because no effective date is provided in the bill, its provisions will become effective 90 days after the 2007 legislative session adjourns on June 25, 2007.

### **FISCAL IMPLICATIONS**

The December 2006 consensus estimate for tribal revenue sharing payments, adjusted for actual FY06 revenues, is \$51.8 million in FY07, \$54.3 million in FY08, \$57.1 million in FY09, and \$59.9 million in FY10.

On July 1, 2007, an amount equal to 10 percent of FY07 tribal revenue sharing payments, or about \$5,179.8 thousand, will be transferred from the general fund to the local government gaming impact fund. Although this transfer will be based on FY07 revenues, the transfer will occur in FY08 so the impact is to reduce FY08 revenues. The bill is expected to reduce FY09 revenues by 10 percent of FY08 revenues, or about \$5,433.6 thousand.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

### **SIGNIFICANT ISSUES**

Counties and municipalities in which Indian gaming facilities are located have often requested distributions from the state’s tribal revenue sharing payment in recent years. One rationale for these requests is that tribal casinos cause local governments to incur infrastructure costs in the form of police, fire and ambulance services, as well as utility system maintenance. Unlike most other businesses, which pay a share of gross receipts tax to the local jurisdictions in which they are located, tribal gaming facilities pay only tribal revenue sharing payments. This bill does not, however, does not in any way limit the activities for which local governments may use their distributions.

Another rationale for this type of local gaming distribution is that gaming facilities located close to municipalities reduce local gross receipts tax collections by detracting from spending at non-tribal businesses.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 473 duplicates Senate Bill 629.

House Bill 473 relates to House Bill 661 and Senate Bill 647. These bills would appropriate 20 percent of tribal gaming collections from the Pueblo of Santa Clara's Big Rock Casino to the City of Española.

**TECHNICAL ISSUES**

This bill does not limit the use of local government distributions in any way. LFC suggests the bill could be amended to include a requirement that distributions created pursuant to this bill be used for acquisition, construction or improvement of government infrastructure or providing police or fire protection services (see language in House Bill 661 or Senate Bill 647).

The bill does not explicitly state who will be responsible for calculating the amount of the appropriation to be made to the affected municipality. Tribal revenue sharing payments are collected by the State Treasurer's Office and overseen by the State Indian Gaming Representative.

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